GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:1370
ANSWERED ON:09.02.2017
Criteria for Allocation of Coal Linkages
Rathwa Shri Ramsinh Patalyabhai

Will the Minister of COAL be pleased to state:

(a) the criteria laid down for allocation of coal linkages to consumers in power, steel and coal sectors;

(b) the details of coal linkages allocated by the Standing Linkage Committee during the last three years and the current year;

(c) whether the Government had granted coal linkages to power projects which was in excess of coal availability in the country, if so, the details thereof and the reasons therefor;

(d) whether the public sector banks grant credit against the coal linkages and if so, the details thereof ?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF COAL, POWER, NEW AND RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a): After the introduction of New Coal Distribution Policy (NCDP) in October, 2007, the earlier linkage system has been replaced with a system of issuance of Letters of Assurance (LoA) which are converted into Long Term Fuel Supply Agreements (FSA) after achievement of prescribed milestones. The requests received from the applicant companies are forwarded to the Administrative Ministries for their recommendations and on receipt of the same, these are placed before the Standing Linkage Committee (Long-Term) for Power, Sponge Iron & Cement Sectors for authorization of LoA.

The criteria for allocating coal linkages to power projects were issued by the Ministry of Power. The order of priority for allocation of coal linkages was:

(i) Power projects of Central Sector, CPSUs, state sector and projects to be bid out by states on tariff based competitive bidding (Case II)

(ii) Independent Power Producers (IPPs)

(iii) Captive Power Projects (CPPs)

Power projects needed to have prequalification criteria like water allocation, identification of location, availability of land, Terms of Reference issued by Ministry of Environment and Forests, defined financial prequalifications, etc. The prioritisation was based on points allocated as below:

S.No.	Parameter	Points
1.	Projects proposing installation of units with super critical technology	20
2.	Projects at pit-head or in state where no major power projects have been planned in 11th /12th Plan shelve	20
3.	Projects using sea water instead of fresh water	10
4.	Progress of land acquisition	50
Total		100

Allocations of linkages/LoAs for non-regulated sector viz. Cement, Steel/Sponge Iron, Aluminium, and Others [excluding Fertilizer (urea) sector] are granted through auction from 2016.

(b): Details of coal linkages allocated by the Standing Linkage Committee during the last three years is as per Annexure.

(c): Prior to NCDP, total coal allocation to power sector was 305 MT to the power utilities which have commissioned by 01.04.2009 with a supply trigger level of 90%. In line with the NCDP, Coal India has issued LOAs to various power consumers. However, SLC (LT), in its meeting held on 7th January, 2013, vide additional Agenda Item No. 4 recommended the following considering the dwindling coal availability with CIL:

"The present scenario of domestic coal availability does not allow grant of any further linkages at this stage. The position may however, be reviewed when the domestic coal availability improves. In the meanwhile, CEA may send a technical report on the desirability of grant of coal linkage in this case from this perspective and implications for similarly placed cases, if any.

In the Presidential Directive that was issued on 17.07.2013, CIL was directed for signing of FSAs with the identified power plants with

a coal supply at 65%, 65%, 67% & 75% of ACQ for the remaining four years of the 12th Five Year Plan, i.e. 2013-14, 2014-15, 2015-16 and 2016-17.

(d): Indian Banks'' Association had informed that lenders had funded projects on the basis of LOA.